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DE RUEHAA #0433/01 0971252

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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 2605

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY

RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAK/AMEMBASSY ANKARA PRIORITY 5043

RUEHBJ/AMEMBASSY BEIJING PRIORITY 2796

RUEHKO/AMEMBASSY TOKYO PRIORITY 2661

RUEHIT/AMCONSUL ISTANBUL PRIORITY 3287

RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RUEHBS/USEU BRUSSELS PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUEKJCS/Joint STAFF WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000433

SIPDIS

SCA/CEN; EEB

PLEASE PASS TO USTDA DAN STEIN

ENERGY FOR EKIMOFF/THOMPSON

COMMERCE FOR HUEPER

E.O. 12958: DECL: 04/07/2019

TAGS: [PGOV](#) [EPET](#) [EINV](#) [TX](#) [IR](#)

SUBJECT: TURKMENISTAN: PROGRESS VISIBLE ON SEVERAL NEW GAS FACILITIES NORTH OF TURKMENBASHY

Classified By: Deputy Chief of Mission Sylvia Reed Curran for reasons 1 .4 (b) and (d).

¶1. (C) SUMMARY: A recent trip up along the coastline north from the port city of Turkmenbashy revealed that construction work on several natural gas projects is proceeding apace. Malaysian energy company Petronas has several projects underway about 20 kilometers north of Turkmenbashy, including a facility that will build offshore service platforms and repair offshore rigs, as well as a gas facility that will process associated gas from Petronas' offshore oil wells. Iranian company Pars Energy's liquefied gas shipment facility also appears to be on target for completion before a 2010 deadline, although there are no signs yet of the railway that is to connect the facility to the Turkmenbashy refinery. Although it is uncertain when these facilities will begin to receive gas supplies, it appears that Turkmenistan is getting the infrastructure that it needs to capture both the oil and gas riches of its part of the Caspian. END SUMMARY.

¶2. (C) Poloff traveled by road from Turkmenbashy to Guwlymayak along the Caspian coast to get a look at the oil and gas infrastructure development taking place along this godforsaken stretch of sand dune acreage. There is little to see along this one lane road that eventually leads to the southwestern Kazakhstan border, beyond two or three tiny, forgotten Turkmen villages and a Russian Orthodox cemetery. Several former or current salt pans are still visible just to the east of the roadway, although most have been abandoned. The village of Guwlymayak is comprised of a handful of crumbling houses clustered around a small salt processing facility that dates to the Soviet era. This place still produces the domestic table salt that remains one of the social subsidies in Turkmenistan.

¶3. (C) About 20 kilometers north of Turkmenbashy, situated on the coast just above the tiny village of Kiyanly, several new facilities that Malaysian energy company Petronas is building are now visible. Poloff saw a logistics base that,

according to local press, will be supporting the construction of floating service platforms that will be used to repair and assemble offshore oil and gas rigs. Just north of it lies the construction site of Petronas' gas processing and storage plant, around which intense construction activity was apparent. The plant is supposed to be completed by 2010, according to local press. (NOTE: Petronas' offshore Block I fields are not expected to produce modest quantities of associated gas for at least another 3-4 years. END NOTE.)

¶4. (C) A kilometer or two up the road poloff saw the new liquefied gas storage and shipment facility that the Iranian company, Pars Energy, is building here. Pars' April 2008 contract with the Turkmenbashy refinery included construction of a liquefied gas shipment facility and a modern marine terminal (dock) where liquefied gas could be transferred to ships for transport elsewhere in the Caspian Sea. The dock appeared to be in the final stages of completion, and spherical gas storage tanks were in place, although there appeared to be little activity around the site. (NOTE: According to local press, the Pars facility is due to be completed by April 2010. END NOTE.)

¶5. (C) The deal with Pars also included construction of a rail line connecting the marine terminal by rail with the Turkmenbashy oil refinery. There was no evidence that the rail line's construction had started. All of the new facilities at Kiyanly reportedly are to create some 3,000 jobs for Turkmen, although the sites are so remote that a special bus service would have to be established between them

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and Turkmenbashy city.

¶6. (C) On the north side of the roadway leading to the Pars site, also positioned on the water's edge, there appeared to be a possible military facility. Poloff had earlier transited a border checkpoint on the main road just below Kiyanly, and noticed that those posted there were in black naval uniforms rather than the usual border guard uniforms.

¶7. (C) COMMENT: The Petronas and Pars projects are coming along, and will likely be finished by established deadlines. What is less certain is when pipelines will be built that connect existing offshore fields to the new coastal gas facilities in Kiyanly. Regardless, the Turkmen government appears to be getting the infrastructure it wants so that it can capture both oil and gas that is being extracted offshore. END COMMENT.

MILES